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SUBJECT: MGLE01: A STRATEGY SESSION WITH PRIME MINISTER  
SINIORA AND HIS FRIENDS

REF: BEIRUT 2087

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Classified By: Ambassador Jeffrey D. Feltman for reasons 1.4 (b) and (d).

SUMMARY

¶1. (C/NF) The current weakness of the "March 14" parliamentary majority -- and the deleterious effect this has on Prime Minister Siniora's ability to govern -- has become a matter of great concern for supporters of Siniora, such as former Central Bank Governor Michel el Khoury. At a 7/3 dinner he hosted, Sheikh Michel el Khoury worried about disorder within the Hariri family and the supposed weak personality traits of majority leader Saad Hariri (who, he claimed, may even be suffering from a narcotic addiction). Sheikh Michel proposed that "March 14" be headed by a (non-Hariri-associated) Secretary-General. Better organization within "March 14" is necessary to counter a massive flow (Sheikh Michel estimated it at USD 100 million per month, over half from Iran) of external funding for Hizballah.

¶2. (C/NF) Summary, continued: Siniora's Telecommunications Minister, Walid Jumblatt-allied Druze politician Marwan Hamadeh, called for using Saudi petrodollars to neutralize Iran's financial support for Hizballah and its allies. Hamadeh suggested that there is even a bright side to the threat of Sunni-Shia strife in Lebanon, in that it helps to restrain Hizballah's behavior. Prime Minister Siniora, who eventually joined Sheikh Michel's dinner at which these exchanges took place, expressed frustration with his government's current "standstill," but expressed determination to forge ahead, particularly on privatization. End summary.

SHEIKH MICHEL CONVENES A STRATEGY SESSION

¶3. (C/NF) Former Central Bank governor Michel el Khoury gathered the Ambassador and emboff at a dinner with Prime Minister Siniora, Telecommunications Minister Marwan Hamadeh, and Siniora's chief advisor, Mohamad Chatah. While waiting for Siniora -- who was detained at the office by a meeting on transportation policy that lasted well past 9 PM -- to

arrive, Sheikh Michel explained that the purpose of the dinner was to map out strategies for bucking up Siniora's government and the flagging "March 14" parliamentary majority that makes up its base of support.

14. (C/NF) Sheikh Michel goes back a long way with Siniora, himself a former Central Bank official. He insisted that despite the slow progress Siniora's government has made and the multiple obstacles it has faced in its nearly one year of existence, Siniora was an "irreplaceable" leader. "I would do anything to help him," Sheikh Michel said, "not just because he's my friend," but because Siniora's success was the only hope for the country.

NEEDED: CHRISTIAN SUPPORT  
FOR SINIORA, "MARCH 14"  
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15. (C/NF) Sheikh Michel spoke of the need to translate Siniora's personal popularity into political support for "March 14." This was of particular importance within the Christian community. Among Christians, Siniora remains personally popular -- even if not at the same high levels as initially -- while support for "March 14" had plummeted under what Sheikh Michel described as a demagogic assault by Michel Aoun and his supporters.

16. (C/NF) To this end, Siniora's most recent meeting with the Maronite Patriarch had been very useful, according to Sheikh Michel. (Comment: Siniora likewise was very positive in describing his relationship with the Patriarch during a separate meeting with the Ambassador, claiming that he and the Patriarch had "agreed on every issue" in this last meeting. See reftel. End Comment.) Sheikh Michel said that he was working with the Patriarch and others in the Maronite community to build grassroots support for Siniora.

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17. (C/NF) One constraint on Christian political support for Siniora has been the unpopularity of the parliamentary majority leader, Saad Hariri. As they waited for Prime Minister Siniora to arrive, Sheikh Michel, Minister Hamadeh, and Dr. Chatah all expressed frustration with the susceptibility of Christians to anti-Sunni Muslim sentiment, much of it directed against Hariri. Sheikh Michel expressed frustration with the fact that the same Christians who approved Aoun's alliance with Hizballah have been ready to entertain the worst possible suspicions about Hariri and his Sunni Muslim supporters, seeing them as a Trojan horse for Saudi-style Wahhabism in Lebanon.

SOLUTIONS START AT (THE HARIRI) HOME  
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18. (C/NF) In part, Sheikh Michel and his Lebanese guests agreed, this has much to do with poor organization within "March 14," and within the Hariri family as well. For a start, Saad Hariri's relationship with Siniora has been rocky, although Hamadeh suggested that there had been improvements recently. Beyond that, Saad Hariri arguably has political responsibilities equal to those of his father, Rafiq Hariri, with all the financial implications -- given the importance of patronage in Lebanon -- that that entails. Yet Saad had only a fraction of the wealth that Rafiq had to draw upon, as Rafiq's fortune had been divided up, following his assassination in February 2005, among a number of family members, with Saad, Rafiq's second-born son, being only one among them. Other family members, such as Saad's reputedly miserly stepmother, Nazek, were unresponsive to the patronage needs of the Hariri-led Future Current and its "March 14" allies.

DANGER: IRANIAN MONEY, "SHIA-IZATION"  
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¶9. (C/NF) All the while, Iranian money continues to pour into Lebanon, funding the political and social activities of Hizballah and, according to some reports, those of pro-Hizballah, pro-Syrian groups in predominantly Sunni areas of the country, such as the rural and impoverished Akkar region in the North. Sheikh Michel, citing contacts in Lebanon's banking sector, claimed that the amount of revenue Hizballah brings in from abroad each month equals approximately USD 100 million. Of this, some USD 60 million comes from Iran; the remainder comes from other external sources, such as pro-Hizballah fundraisers in West Africa.

CAN "MARCH 14" NEUTRALIZE IT WITH SAUDI HELP?  
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¶10. (C/NF) As a result, we are seeing the "tashyi'i" ("Shia-ization") of many predominantly Sunni parts of the country, Hamadeh complained. (Comment: Another term used to describe this seeming surge of Iranian influence -- one that, from all appearances, annoys Hizballah Secretary-General Hassan Nasrallah to no end -- is "tafris," "Persianization." End Comment.) Hamadeh could not explain Saad Hariri's ongoing cash-flow problem with the Kingdom of Saudi Arabia, the royal family of which reportedly has been slow to pay Hariri-owned business enterprises the billions it owes them. Even so, the only antidote to Iran's relentless policy of cash-for-"tashyi'i" was to neutralize it with an equal flow of Saudi petrodollars, Hamadeh said. This had been a topic of discussion when he and Druse leader Walid Jumblatt met with Saudi King Abdullah in Jeddah recently.

¶11. (C/NF) Hamadeh said that he and Jumblatt had emphasized to King Abdullah that they were not asking for money for themselves. Rather, they wanted the KSA to play a direct role in alleviating poverty, supporting economic development, and bolstering its friends on the Lebanese political scene. Part of this could be accomplished by donations for charitable institutions, but part of it also had to be "political money," Hamadeh said. He expressed confidence that Lebanon could absorb an influx of Saudi cash while keeping it out of the hands of radical Sunni Muslim groups.

CONCERNS ABOUT SAAD HARIRI  
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¶12. (C/NF) Patronage aside, Sheikh Michel and his Lebanese

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guests saw Saad Hariri as no match for Nasrallah politically. The Hizballah leader took advantage of the young, reluctant politician's inexperience and seemingly weak personality. In an aside with the Ambassador, Sheikh Michel also expressed concern about the possibility that Hariri's judgment might be impeded by some kind of narcotic addiction. He understood that Hariri had used drugs as an undergraduate at Georgetown University to the extent that it seriously impaired his studies. He wondered whether Hariri had ever actually quit. (Comment: If so, this might explain some of the personality traits that we have noticed in our interaction with Hariri, such as a very short attention span. End Comment.)

SUNNI-SHIA CONFLICT: A POTENTIALLY USEFUL THREAT  
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¶13. (C/NF) Those present at the dinner noted that one reason behind Saad Hariri's caution in dealing with his opponents is a sincere belief that Lebanon is in danger of experiencing Iraq-style sectarian strife between Shias and Sunnis. Hamadeh suggested that Shia-Sunni conflict was in fact a two-edged sword. While it frightens the country's foremost Sunni leader, Hariri, it surely must also frighten the foremost Shia leader, Nasrallah. As such, Hamadeh argued, the threat of Shia-Sunni conflict could be used to pressure and restrain Hizballah; it did not make sense to try to wish the threat away.

¶14. (C/NF) Sheikh Michel suggested that one thing "March 14" needed was a better organizational structure. The appointment of a Secretary-General for the movement, one with real authority, could help in this respect. In order to deflect paranoia and anti-Hariri sentiment in the Christian community, it would be important that whoever filled this position not be a Sunni Muslim from the Hariri-led Future Current political party, Sheikh Michel said.

SINIORA REMAINS DETERMINED

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¶15. (C/NF) Prime Minister Siniora finally arrived after 10 PM, a little worse for the wear after an exhausting day, but still displaying confidence and energy. While his government was working to make progress on several fronts, he admitted that things were currently at a standstill. Even so, he was determined to forge ahead, particularly on privatization. Here, he was targeting the largely state-owned Intra Investment Corporation, which he derided as a "symbol of corruption."

¶16. (C/NF) When the Ambassador and emboff described the concerns of international elections experts about the draft electoral law recently submitted to Siniora (reported septel), Siniora was unfazed. If there were problems with the draft, they could be worked out in due time, he insisted. He gave the impression of being receptive to comments on the draft law from IFES and other international elections experts.

¶17. (C/NF) Siniora cautioned Sheikh Michel and his guests that he had to pick his battles carefully. At one point in the dinner conversation, one of the guests pointed out that General Georges Khoury, chief of the Lebanese Armed Forces' intelligence wing, was less than reliable. This was true, Siniora replied, but Khoury was also very close to the Maronite Patriarch, an ally whom Siniora could not afford to antagonize.

COMMENT

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¶18. (C/NF) Fears of Sunni militancy have combined with suspicion and resentment of the Hariri family and its wealth, particularly in the Christian community. Consequently, a great deal of Christian opinion about Hariri and "March 14" is skewed to the point of irrationality. Aoun can strike an alliance of convenience with Hizballah and yet be perceived among a sizeable portion of Christians, probably still a majority, as the most effective defender of communal interests. Christian politicians who align with "March 14,"

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on the other hand, find themselves upbraided as sellouts and "inauthentic" representatives of their own community. In this situation, Sheikh Michel -- son of Lebanon's first president, Beshara el Khoury, and a Maronite patrician -- deserves praise for the unconditional backing he is giving the Sunni Muslim Siniora.

¶19. (C/NF) Comment, continued: Even so, Hariri, Siniora's government, and "March 14" seem never to miss an opportunity to increase Christian fears about a militant Sunni threat. The past few weeks have witnessed the sudden, inexplicable legalization of the ultra-extreme Hizb ut-Tahrir, which had been banned since the early 1960s (and which has been banned more recently in the United Kingdom on security grounds). On June 30, Mahmoud Qul Ahgasi (also known as Abu al-Qa'qa), leader of Ghuraba al-Sham, a mysterious Syrian-based Sunni Muslim group that is at once jihadist and pro-Asad regime, appeared on a television broadcast from the Beirut studio of the pan-Arab "al-Arabiya" channel, his back to a picture

window in the studio that, embarrassingly, looked out on Siniora's offices in the Grand Serail. Given all this, opening the valve of a massive Saudi petrodollar pipeline -- assuming one really exists -- would not be without risk. Still, we agree with the basic thrust of this dinner conversation: given the patronage system that still prevails in Lebanon, and given the evidence of huge amounts of incoming Iranian money, "March 14" needs to find some funding sources of its own, with Hariri and/or the Saudis still the most likely source. End comment.

FELTMAN